



PRESS RELEASE

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May 28, 2004

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SIX INDICTED IN MULTI-MILLION DOLLAR WIRE FRAUD AND MONEY LAUNDERING SCHEME

PHOENIX, Ariz.-- The United States Attorney's Office for the District of Arizona announced that on May 27, 2004, a federal grand jury at Phoenix, Arizona, returned a 29-count indictment against Defendants Angelo S. Tullo, DOB 12/14/56, of Mesa, Ariz.; Gene Monteleone, DOB 2/14/56, of Scottsdale, Ariz.; James Nova, DOB 10/23/39, of Scottsdale, Ariz.; Allan Guttentag, DOB 8/16/50, of Agoura Hills, Calif.; John R. Wolfe (AKA Rick Wolfe), DOB 12/31/52, of Glendale, Ariz.; and Margaret Molter, DOB 10/08/68, of Mesa, Ariz.

The indictment alleges that HVAC, an Arizona corporation located at 2920 West Willetta in Phoenix, was formed in January 1995 as a cooling and heating supply company. During the course of the business, defendants conspired to create fraudulent accounts receivables and sold them to factoring companies also known as "Factors." Factors buy accounts receivables from commercial entities who are in need of immediate cash. Generally 80 percent of the accounts

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receivables is advanced to the commercial entity by the Factor which entitles the Factor to collect on the accounts receivables.

According to the indictment, as the factoring companies sought to collect on the fraudulently created accounts receivables sold to them by HVAC, it became necessary for the defendants to find money to pay the Factors and to avoid detection of their fraudulent conduct. As a result, Tullo and Montelone formed ABF, their own factoring company to raise investment capital to pay off HVAC debts and also to divert funds for their own use. In order to facilitate their scheme, the defendants created fictitious clients (commercial entities) and fictitious debtors (account customers of the commercial entity) in such a manner that it would attract substantial interest from investors and thereby provide substantial investment capital. The investors were given the expectation, by the defendants and financial advisors, brokers, and agents employed by the defendants, that the investment funds would be used to factor debts of established and credit worthy accounts. The defendants fraudulently obtained over three million dollars for the HVAC scheme and approximately 19.2 million dollars for the ABF scheme.

The defendants have been issued a summons to appear for their arraignments. The date of the arraignments is unknown at this time.

The federal indictment charges all defendants with Count 1 Conspiracy in violation of 18 U.S.C. Section 371 which carries a maximum penalty of not more than five years in prison or a \$250,000 fine; Counts 2-13 Wire Fraud in violation of 18 U.S.C. Section 1343 which carries a maximum penalty of not more than 20 years in prison and or a \$250,000 fine; and Count 14 Money Laundering Conspiracy in violation of 18 U.S.C. Section 1956 (h) which carries a maximum penalty of not more than 20 years in prison and a \$500,000 fine or a twice the value of the property involved in the transactions. Additionally Tullo and Montelone were charged in

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Counts 15-29 with violations of 18 U.S.C. 1956 (a)(1)(B)(i) and 1956 (a)(1)(A) (i) which carry maximum penalties of not more than 20 years in prison and \$500,000 fine or twice the value of the property involved in the transactions. The indictment also contains a criminal forfeiture allegation against all of the defendants in violation of 18 U.S.C. Section 982.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Internal Revenue Service and the Federal Bureau of Investigation.

The prosecution is being handled by Howard Sukenic, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR 04-539-PHX-JAT
RELEASE NUMBER: 2004-104

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